

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2009-12-S - ORDER NO. 2009-454

JULY 7, 2009

IN RE: Application of Aqua South Carolina for	) ORDER APPROVING
Approval of a New Schedule of Rates and	) SETTLEMENT
Charges for Sewerage Services Provided to	) AGREEMENT AND
Customers in Spartanburg County	) RATES AND CHARGES
	) CONTAINED THEREIN

Pursuant to S.C. Code Ann. § 58-5-240 (Supp. 2008), this matter comes before the Public Service Commission of South Carolina ("Commission") on the application by Aqua South Carolina ("Aqua" or "the Company") for the adjustment of rates and charges and for modifications to certain terms and conditions for the provision of wastewater service ("Application"). Aqua furnishes sewer collection service for approximately 408 customers within the Brookside Village Subdivision in Spartanburg County under the schedule of rates approved over thirteen years ago by Commission Order No. 96-134 (February 29, 1996) (Docket No. 95-1171-S). Aqua argues that a rate increase is necessary because it has experienced an increase in operating expenses and a decrease in revenues, resulting in a net loss and negative operating margin. The Company initially proposed an increase in annual wastewater revenues of \$108,838. However, a Settlement Agreement with the Office of Regulatory Staff ("ORS"), a party of record pursuant to S.C. Code Ana § 58-4-10(B) (Supp. 2008), was filed on May 22, 2009 that has revised this proposed increase.

Notice of the Application was both mailed to all customers affected by the Application and published by Aqua in the Spartanburg *Herald Journal* newspaper on January 25, 2009 to inform interested parties of the manner and time in which to file the appropriate pleadings to participate. No petitions to intervene were received, although a number of customers offered public testimony disputing the proposed rate increase. Aqua South Carolina and ORS were the only parties of record.

### **Jurisdiction**

By statute, the Commission is vested with the power and jurisdiction to supervise and regulate the rates and service of every public utility in this State, together with the duty after hearing, to ascertain and fix such just and reasonable standards, classifications, regulations, practices, and measurements of service to be furnished, imposed, observed, and followed by every public utility in this State. S.C. Code Ann. Section 58-5-210 (1976). Further, it is incumbent upon the Commission to approve rates which are just and reasonable, not only producing revenues and an operating margin within a reasonable range, but which also distribute fairly the revenue requirements, considering the price at which the company's service is rendered and the quality of that service. *Seabrook Island Property Owners Association v. South Carolina Public Service Commission*, 303 S.C. 493, 401 S.E. 2d 672 (1991).

In carrying out these duties in relation to the presently filed case and subsequent Settlement Agreement, the Commission's published "Settlement Policies and Procedures" (Revised June 13, 2006) are applicable to guide this proceeding.

Specifically, Section II of the Settlement Policies and Procedures, titled “Consideration of Settlements,” states:

When a settlement is presented to the Commission, the Commission will prescribe procedures appropriate to the nature of the settlement for the Commission’s consideration of the settlement... [the] Commission will convene an evidentiary hearing to consider the reasonableness of the settlement and whether acceptance of the settlement is just, fair, and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.

To determine the merits of the proposed Settlement Agreement, an evidentiary hearing was held at the Commission’s offices in Columbia on May 28, 2009, and a public hearing was held in Spartanburg County on June 25, 2009.

### **Evidence**

At the evidentiary hearing, Aqua was represented by Scott Elliott, Esquire, and presented the testimony of Thomas J. Roberts, Aqua's President for South and North Carolina, and Brian P. Devine, Aqua's Rate Analyst. ORS was represented by Jeff Nelson, Esquire, and Shealy Reibold, Esquire, and presented the testimony of Elizabeth Ford. In addition to the Settlement Agreement, the parties also stipulated to include the prefiled direct testimony and exhibits of ORS witnesses Christina L. Seale and Elizabeth Ford in the record. The parties assert that the Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable to both the Company and its customers.

Two public witnesses testified at the evidentiary hearing. Glenn D. Bridges appeared by telephone and testified, *inter alia*, concerning Aqua's reaction to a sewage spill in December 2008 and objected to the size of the rate increase. Eddrena L. Truly

appeared and testified concerning Aqua's reaction to her request to mark its sewer line on her property in advance of her installing security lighting and objected to the size of the proposed rate increase.

According to Aqua, treatment costs have escalated by 57 percent in just the past five years. Additionally, during the twelve month test year, ending June 30, 2008, the Company experienced a net loss of (\$38,412) and a negative Operating Margin of (38.27%), as adjusted. Moreover, the Company has made capital investments in the system totaling \$125,000, primarily by upgrading the collection system, and the record indicates Aqua is currently borrowing money to pay for its daily operations. Tr. 86 (vol. 1).

By its Application, Aqua initially sought a new schedule of rates and charges that would change the monthly flat rate currently paid by customers from \$20.50 to \$42.73 per month, increasing its annual revenues by \$108,838. Tr. 86-87, 120 (Vol. 1). However, the Settlement Agreement establishes a flat monthly rate of \$37.00 per unit per month, and Aqua agreed to reduce its original requested increase in wastewater revenues from \$ 108,838 to \$80,784. Tr. 120 (Vol. 1). This reduction is based upon ORS accounting adjustments and results in an operating margin of 12.25%. *Id.* The Settlement Agreement also requires Aqua to file a performance bond with the Commission in the amount of \$140,000 within thirty (30) days of the Commission's order. Lastly, the parties contend that Aqua intends to request a waiver of S.C. Code Ann. Regs. 103-510 and 103-530 which require Aqua to maintain a local office in the

State of South Carolina and related requirements pertaining to its bill form. Tr. 120-121 (Vol.1).

Elizabeth Ford of ORS testified in support of the Settlement Agreement. Tr. 121-132. In her testimony, Ford stated that, as part of ORS's Business Office Compliance Review, ORS found Aqua was in compliance with Commission rules and regulations with the exception of failing to include the rate structure or reference to a rate structure in its bill and not maintaining a local office in South Carolina. Ford further testified that the Department of Health and Environmental Control ("DHEC") did not issue any notice of violation or take enforcement action against Aqua during the test year.

Aqua's witnesses testified in support of their rate application and the Settlement Agreement. Aqua's witnesses additionally testified that the proposed rates were just and reasonable and responded to the concerns raised by public witnesses. Thomas Roberts testified to the operations and management and customer service of the Brookside development in Aqua South Carolina, which is its only system in South Carolina. Tr. 39-40 (Vol. 1). He explained that the system is collection only, and the treatment of the wastewater is done by the Spartanburg Sanitary Sewer District. *Id.* Billing and routine customer service is performed by the Startex-Jackson-Wellford-Duncan Water District ("SJWD"). *Id.* Maintenance is performed by Drain Doctor, a local plumbing contractor, and Aqua's customer service line is available around the clock. Tr. 42-43 (vol. 1).

Additionally, Roberts testified that the spill discussed by public witness Glenn Bridges was cleaned and treated promptly and in compliance with all environmental procedures and requirements. Tr. 44-48 (Vol.1). Roberts also addressed the concerns of

Eddrena Truly. Tr.49-52 (Vol. 1). Subsequent to the hearing, Aqua filed and served a statement from Brian P. Devine describing Aqua's response to Ms. Truly's request that Aqua's sewer lines be marked on her property.

According to Mr. Devine's statement, admitted as Hearing Exhibit 6, he received an inquiry from SJWD, Aqua's local billing agent, requesting that Aqua contact Ms. Truly for the purposes of having its sewer lines marked. Devine received this inquiry on January 6, 2009, and made arrangements with Drain Doctor to provide Ms. Truly with the location of Aqua's lines. Since Ms. Truly was working directly with Duke Energy Carolinas for the installation of a security light on her property, Drain Doctor provided Duke employees with the location of Aqua's sewer lines.

Additional public testimony was received at the public hearing conducted in Spartanburg County on June 25, 2009. Several of the witnesses brought forward allegations that occurred prior to Aqua's ownership of the Brookside Village Subdivision. Some of these witnesses also testified that there were no problems with their current quality of service. However, some more recent complaints were described by others at the public hearing; the most relevant of which concerned issues regarding problems Drain Doctor has had locating manhole covers, the discharge of raw sewage from an exposed sewer line, and a hole in the street pavement from work done on a sewer line. The Company addressed these issues with a late filed exhibit; however, we find the problems troubling enough to request that ORS follow up and report on the details of how these matters were resolved.

Lastly, Aqua witnesses Roberts and Devine both testified that the request for waivers would be forthcoming. Both Aqua and its predecessors have operated the system within South Carolina with offices located in North Carolina. Aqua employs the services of SJWD so as to provide its customers with a local billing office. Aqua also employs the services of Drain Doctor, a local plumbing contractor familiar with Aqua's sewer system which has proven to be responsive to Aqua's customer service requests. Aqua continues to work with SJWD to modify the billing form in order to bring it in compliance with the regulations of this Commission.

### **FINDINGS OF FACT**

Based on the Application, the direct and settlement testimony, exhibits received into evidence at the hearing, and the entire record of these proceedings, the Commission makes the following findings of fact:

1. By statute, the Commission is vested with jurisdiction to supervise and regulate the rates and service of every public utility in this State, together with the duty, after hearing, to ascertain and fix such just and reasonable standards, classifications, regulations, practices, and measurements of service to be furnished, imposed, observed and followed by every public utility in this State. S.C. Code Ann. § 58-5-210 (1976).

2. After careful review and consideration by this Commission of the Settlement Agreement, the evidence contained in the record of this case, including the witness testimony, the Commission concludes as a matter of law that the Settlement Agreement results in just and reasonable rates and fees for sewer service agreed to by the Parties. Based on the operating revenues, expenses and income agreed upon by the Parties, the

resulting allowable operating margin for the Company is 12.25%. S.C. Code Ann. § 58-5-240(H) (Supp. 2008).

3. The Commission finds that the rates agreed to by the parties in the Settlement Agreement and attachments, which is hereby adopted and attached to this Order as Order Exhibit 1, are just and reasonable and that such rates allow Aqua to continue to provide its customers with adequate sewer service. The Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable. Further, the agreed upon rates allow the Company to earn a reasonable operating margin. We find that the proposed rates contained in the Settlement Agreement, which have been entered into the record of this case without objection and are attached to this Order, are just and reasonable and hereby approved.

**IT IS THEREFORE ORDERED:**

1. The Settlement Agreement, including attachments, is attached hereto as Order Exhibit 1 and is incorporated into and made a part of this Order by reference.

2. The Settlement Agreement between the Parties is approved and adopted by this Commission as producing rates that are just and reasonable and in the public interest as well as authorizing a reasonable operating margin for the Company.

3. We approve the schedule of rates and charges and terms and conditions attached hereto as a part of Order Exhibit 1 as both just and reasonable and will allow the Company to continue to provide its customers with adequate sewer service.

4. The schedule of rates and charges attached hereto as Order Exhibit 1 is approved for service rendered on or after August 1, 2009.



5. An operating margin of 12.25% is approved for Aqua.

6. If appropriate, Aqua may request a waiver from the Commission for S.C. Code Ann. Regs. 103-510 and 103-532 which require Aqua to maintain a local office in the State of South Carolina and related billing form requirements within 30 days of the date of this order. As indicated by the Commission's Directive dated July 1, 2009, we are willing to work with the Company to resolve these issues and await more information. Any request for waivers of regulations as contemplated by this Paragraph shall be assigned a separate Docket Number upon receipt.

7. The Company's books and records shall continue to be maintained according to the NARUC Uniform System of Accounts, and Aqua shall file a performance bond in the amount of \$140,000 for sewer services and shall file such bond within 30 days of this Order.

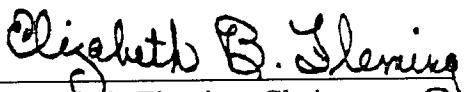
8. Aqua shall implement a pass through mechanism for treatment charges as detailed in Exhibit 1. Aqua shall comply with all notice and timing provisions as detailed in Exhibit 1 prior to being permitted to increase, bill, or collect any or all rates and charges of any sewer rates subject to such pass-through. The Company shall notify this Commission and ORS in writing at least thirty (30) days prior to the implementation of new rates resulting from Aqua's use of the pass-through mechanism or the Company's intent to do so and shall file a revised schedule of rates and charges with this Commission and ORS after the implementation of such rates.

9. ORS is requested to investigate maintenance issues testified to by public witnesses during the hearing in Spartanburg County on June 25, 2009 and report its findings to the Commission within 90 days of this Order's date.

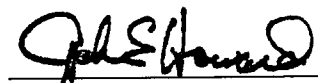
10. ORS is also requested to separately investigate whether it would be feasible and advisable for the company to transition from a flat rate billing scheme to a usage based sewerage charge. The results of this investigation should also be reported to the Commission within 90 days of this Order's date.

11. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Elizabeth B. Fleming, Chairman

ATTEST:

  
John E. Howard, Vice Chairman

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-12-S
May 22, 2009

Application of Aqua South Carolina for
Approval of a New Schedule of Rates
and Charges for Water and Sewerage
Services Provided to Customers in
Spartanburg County.

This Settlement Agreement is made by and between the Office of Regulatory Staff
(“ORS”) and Aqua South Carolina (“Aqua” or “the Company”) (together referred to as the
“Parties” or sometimes individually as “Party”).

WHEREAS, the Company has prepared and filed an Application seeking an adjustment
of its rates and charges and modifications to certain terms and conditions set out in its rate
schedule for the provision of its sewerage collection service for certain residents of Spartanburg
County, South Carolina;

WHEREAS, the above-captioned proceeding has been established by the South Carolina
Public Service Commission (“Commission”) pursuant to the procedure established in S.C. Code
Ann. § 58-5-240 (Supp. 2008), and the Parties to this Settlement Agreement are the only parties
of record in the above-captioned docket;

WHEREAS, since the filing of the Application, ORS has requested information from
Aqua and the Company has provided those responses to ORS;

WHEREAS, ORS examined the books and records of the Company relative to the matters raised in the Application and, in connection therewith, has requested of and received from the Company additional documentation;

WHEREAS, the Parties have varying legal positions regarding the issues in this case;

WHEREAS, the Parties have engaged in discussions to determine if a settlement of the issues would be in their best interests; and

WHEREAS, following those discussions the Parties have each determined that their interests and the public interest would be best served by stipulating to a comprehensive settlement of all issues pending in the above-captioned case under the terms and conditions set forth herein;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms, which, if adopted by the Commission in its Order on the merits of this proceeding, will result in rates and terms and conditions of sewer service which are adequate, just, reasonable, nondiscriminatory, and supported by the evidence of record of this proceeding, and which will allow the Company the opportunity to earn a reasonable rate of return.

1. The Parties agree that no documentary evidence will be offered in the proceeding by the Parties other than: (1) the Application filed by the Company; (2) the exhibits to the testimony referenced in paragraph 2 herein below; and (3) this Settlement Agreement with Exhibits A and B attached hereto. This limitation does not include further documentary evidence submitted by the Company to prove additional rate case expenses.

2. The Parties stipulate and agree to include in the hearing record of this case the pre-filed direct testimony of M. Elizabeth Ford, Christina L. Seale, Brian P. Devine, and Thomas J. Roberts as well as the Rebuttal Testimony of Brian P. Devine and Surrebuttal Testimony of

Christina L. Seale including all exhibits attached to the pre-filed testimony, without objection or cross-examination. Further, the parties agree to include in the hearing record of this case without objection or cross examination the settlement testimony of witnesses M. Elizabeth Ford and Brian P. Devine to be filed in this docket by the Parties prior to the hearing in this matter.

3. The Parties stipulate and agree that the accounting exhibit prepared by ORS and attached hereto as Exhibit A fairly and reasonably set forth the Company's operating expenses, pro forma adjustments, depreciation rates, plant in service, Operating Margin, and revenue requirement.

4. The Parties stipulate and agree that the rate schedule attached hereto as Exhibit B, including the rates and charges and terms and conditions of service, are fair, just, and reasonable. The Parties further stipulate and agree that the flat rate of \$37.00 per month contained in said rate schedule is reasonably designed to allow the Company to provide service to its customers at rates and terms and conditions of service that are fair, just and reasonable and will allow Aqua the opportunity to recover the revenue required to earn a fair return on its investment.

5. The Company agrees to file with the Commission a performance bond in the amount of \$140,000 within 30 days of the Commission's order.

6. The Company agrees to request a waiver from the Commission for S.C. Code Regs. 103-530 which requires Aqua to maintain a local office in the state of South Carolina.

7. The Company will ensure that its bill form is in compliance with S.C. Code Regs. 103-532. If changes to the bill form cannot be made by its billing agent, Aqua agrees to request a waiver of S.C. Code Regs. 103-532 from the Commission.

8. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) reads in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the agreement reached between the Parties serves the public interest as defined above. The terms of this Settlement Agreement balance the concerns of the using public while preserving the financial integrity of the Company. ORS also believes the Settlement Agreement promotes economic development within the State of South Carolina. The Parties stipulate and agree to these findings.

9. In its Application, Aqua has requested, based on the adjustments of ORS, an increase in annual revenues of \$108,838.08, based on current test year calculated revenues of \$100,368.00 and test year proposed revenues of \$209,206.08. As a compromise to positions advanced by ORS and Aqua, the Parties stipulate and agree to an increase in annual revenues of \$80,784.00, said increase to be based upon the adjustments reflected in the testimony of Christina L. Seale and the operating margin stipulated to by the Parties in Paragraph 10 below.

10. The Company and ORS recognize the value of resolving this proceeding by settlement rather than by litigation and, therefore stipulate and agree for purposes of settlement in this case that a operating margin of 12.25% is just and reasonable under the specific

circumstances of this case, including the size and location of the system, and in the context of a comprehensive settlement.

11. The Parties further stipulate and agree that the stipulated testimony of record, the Application, and this Settlement Agreement conclusively demonstrate the following: (i) the proposed accounting and pro forma adjustments and depreciation rates shown on Exhibit A hereto are fair and reasonable and should be adopted by the Commission for ratemaking and reporting purposes; (ii) a operating margin of 12.25%, which yields an annual increase in revenues of approximately \$80,784, is fair, just, and reasonable when considered as a part of this stipulation and settlement agreement in its entirety; (iii) Aqua's services are adequate and being provided in accordance with the requirements set out in the Commission's rules and regulations pertaining to the provision of sewer collection services, and (iv) Aqua's rates as proposed in this Settlement Agreement are fairly designed to equitably and reasonably recover the revenue requirement and are just and reasonable and should be adopted by the Commission for bills rendered by the Company after June 1, 2009.

12. The Parties further agree and stipulate that the rate schedule attached hereto as Exhibit B, including the rates and charges and the terms and conditions set forth therein, are just and reasonable, reasonably designed, and should be approved and adopted by the Commission.

13. Aqua further agrees and stipulates that it will file with ORS all required information, data and reports required under the Commission's Regulations on an annual or regular basis in a timely manner and shall keep in place or file performance bond(s) in amounts determined to be adequate by ORS for sewer service.

14. The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of the above-

captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

15. The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair, or prejudice their arguments or positions held in other proceedings. If the Commission should decline to approve the agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty or obligation.

16. This Settlement Agreement shall be interpreted according to South Carolina law.

17. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.



WE AGREE:

**Representing the Office of Regulatory Staff**

*Shealy Boland Reibold*

Shealy Boland Reibold, Esquire

Jeffrey M. Nelson, Esquire

**Office of Regulatory Staff**

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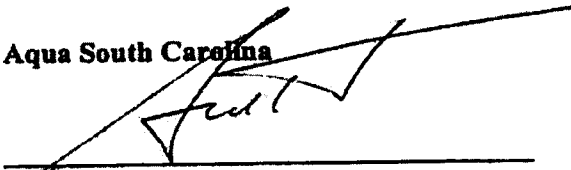
Docket No. 2009-12-S

Order No. 2009-454

July 7, 2009

**WE AGREE:**

**Aqua South Carolina**



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**SETTLEMENT EXHIBIT A**

**Aqua South Carolina, Inc.  
Docket No. 2009-12-S  
Operating Experience and Operating Margin  
For the Test Year Ended June 30, 2008**

	(1)	(2)	(3)	(4)	(5)
	Application Per Books	ORS's Proposed Accounting & Pro forma Adjustments	After ORS's Proposed Accounting & Pro forma Adjustments	Applicant's Proposed Increase	After Applicant's Proposed Increase
<b><u>Operating Revenues</u></b>					
Sewer Service	99,283	1,085 (A)	100,368	80,784 (K)	181,152
<b><u>Total Operating Revenues</u></b>	<b>\$ 99,283</b>	<b>\$ 1,085</b>	<b>\$ 100,368</b>	<b>\$ 80,784</b>	<b>\$ 181,152</b>
<b><u>Operating Expenses</u></b>					
Salaries, Wages & Benefits	\$ (2,118)	\$ 2,118 (B)	\$ 0	\$ 0	\$ 0
Contractual Services - A&G	116,116	(4,148) (C)	111,968	5,842 (L)	117,610
O&M Management	25,542	(13,410) (D)	12,132	0	12,132
Other	14,085	(13,987) (E)	98	0	98
Bad Debt	235	0	235	191 (M)	426
Depreciation	3,641	(418) (F)	3,223	0	3,223
Rate Case	0	6,816 (G)	6,816	0	6,816
Other Taxes	795	(25) (H)	770	599 (N)	1,369
Income Taxes (State and Federal)	(22,177)	22,177 (I)	0	13,747 (O)	13,747
<b><u>Total Operating Expenses</u></b>	<b>\$ 136,119</b>	<b>\$ (877)</b>	<b>\$ 135,242</b>	<b>\$ 20,179</b>	<b>\$ 155,421</b>
<b><u>Net Operating Income (Loss)</u></b>	<b>\$ (38,836)</b>	<b>\$ 1,962</b>	<b>\$ (34,874)</b>	<b>\$ 60,605</b>	<b>\$ 25,731</b>
Less: Interest Expense	5,620	(2,082) (J)	3,538	0	3,538
<b><u>Total Income (Loss) for Return</u></b>	<b>\$ (42,456)</b>	<b>\$ 4,044</b>	<b>\$ (38,412)</b>	<b>\$ 60,605</b>	<b>\$ 22,193</b>
<b><u>Operating Margin</u></b>	<b>-42.76%</b>		<b>-38.27%</b>		<b>12.25%</b>

**AQUA SOUTH CAROLINA, INC.**  
**Docket 2009-12-S**  
**Schedule of Rates and Charges**

Exhibit B

**MONTHLY CHARGES**

	<b><u>Current</u></b>	<b><u>Settlement Rate</u></b>
Residential - charge per single-family house:	\$20.50	\$37.00
Commercial:	\$20.50 per SFE*	\$37.00

**NONRECURRING CHARGES:**

	<b><u>Current</u></b>	<b><u>Settlement Rate</u></b>
Sewer Tap Fee (Outside Brookside Village Subdivision)	\$400 per SFE*	\$500 per SFE*
New Customer Account Charge	\$20.00	\$20.00

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule and to comply with the guidelines and standards hereof, shall not be denied service, unless treatment capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving sewer system. In no event will the Utility be required to construct additional wastewater treatment capacity and/or lines to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity and/or to the affected sewer system.

\* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loading for Domestic Wastewater Treatment Facilities -- 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2006), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

The Utility shall give the Commission thirty days notice of its intent to pass-through to customers treatment charges which are higher than those in effect at the times of the Commission's approval of the within rate schedule. The Utility shall provide with such notice written documentation of an increase by the provider of treatment services justifying the increase in the amount of treatment charges sought to be passed-through to affected customers. In the event that an increase in the amount of treatment charges to be passed through to customers is found by the Commission to be so justified, the utility will then be required to give customers advance notice before the increase in the treatment charges to be passed through may be put into effect.